

AMENDED IN SENATE JANUARY 4, 2016

AMENDED IN SENATE APRIL 20, 2015

**SENATE BILL**

**No. 678**

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**Introduced by Senator Hill**

February 27, 2015

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~~An act relating to firearms.~~ *An act to amend Section 214 of, and to add Section 214.17 to, the Revenue and Taxation Code, relating to taxation.*

LEGISLATIVE COUNSEL'S DIGEST

SB 678, as amended, Hill. ~~User-authorized firearms.~~ *Property taxation: welfare exemption.*

*The California Constitution authorizes the Legislature to exempt from taxation property that is used exclusively for religious, hospital, or charitable purposes, and is owned or held in trust by a nonprofit entity. Pursuant to this constitutional authority, existing law partially exempts from property taxation property used exclusively for rental housing and related facilities, if specified criteria are met, including, except in the case of a limited partnership in which the managing general partner is a nonprofit corporation eligible for the exemption, that 90% or more of the occupants of the property are lower income households whose rent does not exceed the rent limits prescribed by a specified law. Existing law limits the total exemption amount allowed to a taxpayer, with respect to a single property or multiple properties for any fiscal year on the sole basis of the application of this criterion, to \$20,000 of tax.*

*This bill would increase that total exemption amount allowed to \$100,000 of tax, with respect to lien dates occurring on and after January 1, 2017.*

*This bill would require any outstanding qualified ad valorem tax in excess of the \$20,000 limitation, and related interest or penalty, which was levied or imposed on and after January 1, 2014, and before January 1, 2017, with respect to qualified property for which a qualified claim was filed, to be cancelled, and any such qualified ad valorem tax, and related interest or penalty levied or imposed that was paid on or before January 1, 2017, to be refunded, to the extent that the amount cancelled or refunded does not result in a total exemption amount in excess of \$100,000 of tax being allowed to a qualified taxpayer with respect to a single property or multiple properties for any fiscal year. The bill would, on and after January 1, 2017, prohibit an escape assessment from being levied on qualified property if that amount would be subject to cancellation or refund pursuant to this bill.*

*This bill would make legislative findings and declarations regarding the public purpose served by the bill.*

*By imposing new duties upon county tax officials with respect to the refund of these property tax payments, this bill would impose a state-mandated local program.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.*

*Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.*

*This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.*

~~Existing law generally regulates deadly weapons, including firearms.~~

~~This bill would direct the Department of Justice to, among other things, assess market conditions and the barriers to the market for user-authorized firearms in the state, investigate methods to increase the availability and use of user-authorized firearms in the state, and make recommendations on manufacturer performance and reliability~~

~~standards and how those standards should be tested for user-authorized firearms. The bill would require the department to convene a working group of specified representatives to offer recommendations for the requirements described above. The bill would require the department to report its findings to the Legislature on or before January 1, 2017.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 214 of the Revenue and Taxation Code  
2     is amended to read:

3     214. (a) Property used exclusively for religious, hospital,  
4     scientific, or charitable purposes owned and operated by  
5     community chests, funds, foundations, limited liability companies,  
6     or corporations organized and operated for religious, hospital,  
7     scientific, or charitable purposes is exempt from taxation, including  
8     ad valorem taxes to pay the interest and redemption charges on  
9     any indebtedness approved by the voters prior to July 1, 1978, or  
10    any bonded indebtedness for the acquisition or improvement of  
11    real property approved on or after July 1, 1978, by two-thirds of  
12    the votes cast by the voters voting on the proposition, if:

13    (1) The owner is not organized or operated for profit. However,  
14    in the case of hospitals, the organization shall not be deemed to  
15    be organized or operated for profit if, during the immediately  
16    preceding fiscal year, operating revenues, exclusive of gifts,  
17    endowments and grants-in-aid, did not exceed operating expenses  
18    by an amount equivalent to 10 percent of those operating expenses.  
19    As used herein, operating expenses include depreciation based on  
20    cost of replacement and amortization of, and interest on,  
21    indebtedness.

22    (2) No part of the net earnings of the owner inures to the benefit  
23    of any private shareholder or individual.

24    (3) The property is used for the actual operation of the exempt  
25    activity, and does not exceed an amount of property reasonably  
26    necessary to the accomplishment of the exempt purpose.

27    (A) For the purposes of determining whether the property is  
28    used for the actual operation of the exempt activity, consideration  
29    shall not be given to use of the property for either or both of the  
30    following described activities if that use is occasional:

1 (i) The owner conducts fundraising activities on the property  
2 and the proceeds derived from those activities are not unrelated  
3 business taxable income, as defined in Section 512 of the Internal  
4 Revenue Code, of the owner and are used to further the exempt  
5 activity of the owner.

6 (ii) The owner permits any other organization that meets all of  
7 the requirements of this subdivision, other than ownership of the  
8 property, to conduct fundraising activities on the property and the  
9 proceeds derived from those activities are not unrelated business  
10 taxable income, as defined in Section 512 of the Internal Revenue  
11 Code, of the organization, are not subject to the tax on unrelated  
12 business taxable income that is imposed by Section 511 of the  
13 Internal Revenue Code, and are used to further the exempt activity  
14 of the organization.

15 (B) For purposes of subparagraph (A):

16 (i) “Occasional use” means use of the property on an irregular  
17 or intermittent basis by the qualifying owner or any other qualifying  
18 organization described in clause (ii) of subparagraph (A) that is  
19 incidental to the primary activities of the owner or the other  
20 organization.

21 (ii) “Fundraising activities” means both activities involving the  
22 direct solicitation of money or other property and the anticipated  
23 exchange of goods or services for money between the soliciting  
24 organization and the organization or person solicited.

25 (C) Subparagraph (A) shall have no application in determining  
26 whether paragraph (3) has been satisfied unless the owner of the  
27 property and any other organization using the property as provided  
28 in subparagraph (A) have filed with the assessor a valid  
29 organizational clearance certificate issued pursuant to Section  
30 254.6.

31 (D) For the purposes of determining whether the property is  
32 used for the actual operation of the exempt activity, consideration  
33 shall not be given to the use of the property for meetings conducted  
34 by any other organization if the meetings are incidental to the other  
35 organization’s primary activities, are not fundraising meetings or  
36 activities as defined in subparagraph (B), are held no more than  
37 once per week, and the other organization and its use of the  
38 property meet all other requirements of paragraphs (1) to (5),  
39 inclusive, of this subdivision. The owner or the other organization  
40 also shall file with the assessor a copy of a valid, unrevoked letter

1 or ruling from the Internal Revenue Service or the Franchise Tax  
2 Board stating that the other organization, or the national  
3 organization of which it is a local chapter or affiliate, qualifies as  
4 an exempt organization under Section 501(c)(3) or 501(c)(4) of  
5 the Internal Revenue Code or Section 23701d, 23701f, or 23701w.

6 (E) Nothing in subparagraph (A), (B), (C), or (D) shall be  
7 construed to either enlarge or restrict the exemption provided for  
8 in subdivision (b) of Section 4 and Section 5 of Article XIII of the  
9 California Constitution and this section.

10 (4) The property is not used or operated by the owner or by any  
11 other person so as to benefit any officer, trustee, director,  
12 shareholder, member, employee, contributor, or bondholder of the  
13 owner or operator, or any other person, through the distribution  
14 of profits, payment of excessive charges or compensations, or the  
15 more advantageous pursuit of their business or profession.

16 (5) The property is not used by the owner or members thereof  
17 for fraternal or lodge purposes, or for social club purposes except  
18 where that use is clearly incidental to a primary religious, hospital,  
19 scientific, or charitable purpose.

20 (6) The property is irrevocably dedicated to religious, charitable,  
21 scientific, or hospital purposes and upon the liquidation,  
22 dissolution, or abandonment of the owner will not inure to the  
23 benefit of any private person except a fund, foundation, or  
24 corporation organized and operated for religious, hospital,  
25 scientific, or charitable purposes.

26 (7) The property, if used exclusively for scientific purposes, is  
27 used by a foundation or institution that, in addition to complying  
28 with the foregoing requirements for the exemption of charitable  
29 organizations in general, has been chartered by the Congress of  
30 the United States (except that this requirement shall not apply  
31 when the scientific purposes are medical research), and whose  
32 objects are the encouragement or conduct of scientific  
33 investigation, research, and discovery for the benefit of the  
34 community at large.

35 The exemption provided for herein shall be known as the  
36 “welfare exemption.” This exemption shall be in addition to any  
37 other exemption now provided by law, and the existence of the  
38 exemption provision in paragraph (2) of subdivision (a) of Section  
39 202 shall not preclude the exemption under this section for museum

1 or library property. Except as provided in subdivision (e), this  
2 section shall not be construed to enlarge the college exemption.

3 (b) Property used exclusively for school purposes of less than  
4 collegiate grade and owned and operated by religious, hospital, or  
5 charitable funds, foundations, limited liability companies, or  
6 corporations, which property and funds, foundations, limited  
7 liability companies, or corporations meet all of the requirements  
8 of subdivision (a), shall be deemed to be within the exemption  
9 provided for in subdivision (b) of Section 4 and Section 5 of Article  
10 XIII of the California Constitution and this section.

11 (c) Property used exclusively for nursery school purposes and  
12 owned and operated by religious, hospital, or charitable funds,  
13 foundations, limited liability companies, or corporations, which  
14 property and funds, foundations, limited liability companies, or  
15 corporations meet all the requirements of subdivision (a), shall be  
16 deemed to be within the exemption provided for in subdivision  
17 (b) of Section 4 and Section 5 of Article XIII of the California  
18 Constitution and this section.

19 (d) Property used exclusively for a noncommercial educational  
20 FM broadcast station or an educational television station, and  
21 owned and operated by religious, hospital, scientific, or charitable  
22 funds, foundations, limited liability companies, or corporations  
23 meeting all of the requirements of subdivision (a), shall be deemed  
24 to be within the exemption provided for in subdivision (b) of  
25 Section 4 and Section 5 of Article XIII of the California  
26 Constitution and this section.

27 (e) Property used exclusively for religious, charitable, scientific,  
28 or hospital purposes and owned and operated by religious, hospital,  
29 scientific, or charitable funds, foundations, limited liability  
30 companies, or corporations or educational institutions of collegiate  
31 grade, as defined in Section 203, which property and funds,  
32 foundations, limited liability companies, corporations, or  
33 educational institutions meet all of the requirements of subdivision  
34 (a), shall be deemed to be within the exemption provided for in  
35 subdivision (b) of Section 4 and Section 5 of Article XIII of the  
36 California Constitution and this section. As to educational  
37 institutions of collegiate grade, as defined in Section 203, the  
38 requirements of paragraph (6) of subdivision (a) shall be deemed  
39 to be met if both of the following are met:

1 (1) The property of the educational institution is irrevocably  
2 dedicated in its articles of incorporation to charitable and  
3 educational purposes, to religious and educational purposes, or to  
4 educational purposes.

5 (2) The articles of incorporation of the educational institution  
6 provide for distribution of its property upon its liquidation,  
7 dissolution, or abandonment to a fund, foundation, or corporation  
8 organized and operated for religious, hospital, scientific, charitable,  
9 or educational purposes meeting the requirements for exemption  
10 provided by Section 203 or this section.

11 (f) Property used exclusively for housing and related facilities  
12 for elderly or handicapped families and financed by, including,  
13 but not limited to, the federal government pursuant to Section 202  
14 of Public Law 86-372 (12 U.S.C. Sec. 1701q), as amended, Section  
15 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of  
16 Public Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of  
17 Public Law 101-625 (42 U.S.C. Sec. 8013), and owned and  
18 operated by religious, hospital, scientific, or charitable funds,  
19 foundations, limited liability companies, or corporations meeting  
20 all of the requirements of this section shall be deemed to be within  
21 the exemption provided for in subdivision (b) of Section 4 and  
22 Section 5 of Article XIII of the California Constitution and this  
23 section.

24 The amendment of this paragraph made by Chapter 1102 of the  
25 Statutes of 1984 does not constitute a change in, but is declaratory  
26 of, existing law. However, no refund of property taxes shall be  
27 required as a result of this amendment for any fiscal year prior to  
28 the fiscal year in which the amendment takes effect.

29 Property used exclusively for housing and related facilities for  
30 elderly or handicapped families at which supplemental care or  
31 services designed to meet the special needs of elderly or  
32 handicapped residents are not provided, or that is not financed by  
33 the federal government pursuant to Section 202 of Public Law  
34 86-372 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public  
35 Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public Law  
36 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public Law  
37 101-625 (42 U.S.C. Sec. 8013), shall not be entitled to exemption  
38 pursuant to this subdivision unless the property is used for housing  
39 and related facilities for low- and moderate-income elderly or  
40 handicapped families. Property that would otherwise be exempt

1 pursuant to this subdivision, except that it includes some housing  
2 and related facilities for other than low- or moderate-income elderly  
3 or handicapped families, shall be entitled to a partial exemption.  
4 The partial exemption shall be equal to that percentage of the value  
5 of the property that is equal to the percentage that the number of  
6 low- and moderate-income elderly and handicapped families  
7 represents of the total number of families occupying the property.

8 As used in this subdivision, “low and moderate income” has the  
9 same meaning as the term “persons and families of low or moderate  
10 income” as defined by Section 50093 of the Health and Safety  
11 Code.

12 (g) (1) Property used exclusively for rental housing and related  
13 facilities and owned and operated by religious, hospital, scientific,  
14 or charitable funds, foundations, limited liability companies, or  
15 corporations, including limited partnerships in which the managing  
16 general partner is an eligible nonprofit corporation or eligible  
17 limited liability company, meeting all of the requirements of this  
18 section, or by veterans’ organizations, as described in Section  
19 215.1, meeting all the requirements of paragraphs (1) to (7),  
20 inclusive, of subdivision (a), shall be deemed to be within the  
21 exemption provided for in subdivision (b) of Section 4 and Section  
22 5 of Article XIII of the California Constitution and this section  
23 and shall be entitled to a partial exemption equal to that percentage  
24 of the value of the property that is equal to the percentage that the  
25 number of units serving lower income households represents of  
26 the total number of residential units in any year in which any of  
27 the following criteria applies:

28 (A) The acquisition, rehabilitation, development, or operation  
29 of the property, or any combination of these factors, is financed  
30 with tax-exempt mortgage revenue bonds or general obligation  
31 bonds, or is financed by local, state, or federal loans or grants and  
32 the rents of the occupants who are lower income households do  
33 not exceed those prescribed by deed restrictions or regulatory  
34 agreements pursuant to the terms of the financing or financial  
35 assistance.

36 (B) The owner of the property is eligible for and receives  
37 low-income housing tax credits pursuant to Section 42 of the  
38 Internal Revenue Code of 1986, as added by Public Law 99-514.

39 (C) In the case of a claim, other than a claim with respect to  
40 property owned by a limited partnership in which the managing



1 general partner is an eligible nonprofit corporation, that is filed  
2 for the 2000–01 fiscal year or any fiscal year thereafter, 90 percent  
3 or more of the occupants of the property are lower income  
4 households whose rent does not exceed the rent prescribed by  
5 Section 50053 of the Health and Safety Code. The total exemption  
6 amount allowed under this subdivision to a taxpayer, with respect  
7 to a single property or multiple properties for any fiscal year on  
8 the sole basis of the application of this subparagraph, may not  
9 exceed ~~twenty one hundred thousand dollars (\$20,000)~~ (\$100,000)  
10 of tax.

11 (D) (i) The property was previously purchased and owned by  
12 the Department of Transportation pursuant to a consent decree  
13 requiring housing mitigation measures relating to the construction  
14 of a freeway and is now solely owned by an organization that  
15 qualifies as an exempt organization under Section 501(c)(3) of the  
16 Internal Revenue Code.

17 (ii) This subparagraph shall not apply to property owned by a  
18 limited partnership in which the managing partner is an eligible  
19 nonprofit corporation.

20 (2) In order to be eligible for the exemption provided by this  
21 subdivision, the owner of the property shall do both of the  
22 following:

23 (A) (i) For any claim filed for the 2000–01 fiscal year or any  
24 fiscal year thereafter, certify and ensure, subject to the limitation  
25 in clause (ii), that there is an enforceable and verifiable agreement  
26 with a public agency, a recorded deed restriction, or other legal  
27 document that restricts the project’s usage and that provides that  
28 the units designated for use by lower income households are  
29 continuously available to or occupied by lower income households  
30 at rents that do not exceed those prescribed by Section 50053 of  
31 the Health and Safety Code, or, to the extent that the terms of  
32 federal, state, or local financing or financial assistance conflicts  
33 with Section 50053, rents that do not exceed those prescribed by  
34 the terms of the financing or financial assistance.

35 (ii) In the case of a limited partnership in which the managing  
36 general partner is an eligible nonprofit corporation, the restriction  
37 and provision specified in clause (i) shall be contained in an  
38 enforceable and verifiable agreement with a public agency, or in  
39 a recorded deed restriction to which the limited partnership  
40 certifies.

1 (B) Certify that the funds that would have been necessary to  
2 pay property taxes are used to maintain the affordability of, or  
3 reduce rents otherwise necessary for, the units occupied by lower  
4 income households.

5 (3) As used in this subdivision:

6 (A) “Lower income households” has the same meaning as the  
7 term “lower income households” as defined by Section 50079.5  
8 of the Health and Safety Code.

9 (B) “Related facilities” means any manager’s units and any and  
10 all common area spaces that are included within the physical  
11 boundaries of the rental housing development, including, but not  
12 limited to, common area space, walkways, balconies, patios,  
13 clubhouse space, meeting rooms, laundry facilities and parking  
14 areas, except any portions of the overall development that are  
15 nonexempt commercial space.

16 (C) “Units serving lower income households” shall mean units  
17 that are occupied by lower income households at an affordable  
18 rent, as defined in Section 50053 of the Health and Safety Code  
19 or, to the extent that the terms of federal, state, or local financing  
20 or financial assistance conflicts with Section 50053, rents that do  
21 not exceed those prescribed by the terms of the financing or  
22 financial assistance. Units reserved for lower income households  
23 at an affordable rent that are temporarily vacant due to tenant  
24 turnover or repairs shall be counted as occupied.

25 (h) Property used exclusively for an emergency or temporary  
26 shelter and related facilities for homeless persons and families and  
27 owned and operated by religious, hospital, scientific, or charitable  
28 funds, foundations, limited liability companies, or corporations  
29 meeting all of the requirements of this section shall be deemed to  
30 be within the exemption provided for in subdivision (b) of Section  
31 4 and Section 5 of Article XIII of the California Constitution and  
32 this section. Property that otherwise would be exempt pursuant to  
33 this subdivision, except that it includes housing and related  
34 facilities for other than an emergency or temporary shelter, shall  
35 be entitled to a partial exemption.

36 As used in this subdivision, “emergency or temporary shelter”  
37 means a facility that would be eligible for funding pursuant to  
38 Chapter 11 (commencing with Section 50800) of Part 2 of Division  
39 31 of the Health and Safety Code.

(i) Property used exclusively for housing and related facilities for employees of religious, charitable, scientific, or hospital organizations that meet all the requirements of subdivision (a) and owned and operated by funds, foundations, limited liability companies, or corporations that meet all the requirements of subdivision (a) shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section to the extent the residential use of the property is institutionally necessary for the operation of the organization.

(j) For purposes of this section, charitable purposes include educational purposes. For purposes of this subdivision, “educational purposes” means those educational purposes and activities for the benefit of the community as a whole or an unascertainable and indefinite portion thereof, and do not include those educational purposes and activities that are primarily for the benefit of an organization’s shareholders. Educational activities include the study of relevant information, the dissemination of that information to interested members of the general public, and the participation of interested members of the general public.

(k) In the case of property used exclusively for the exempt purposes specified in this section, owned and operated by limited liability companies that are organized and operated for those purposes, the State Board of Equalization shall adopt regulations to specify the ownership, organizational, and operational requirements for those companies to qualify for the exemption provided by this section.

(l) The amendments made by Chapter 354 of the Statutes of 2004 shall apply with respect to lien dates occurring on and after January 1, 2005.

*(m) The amendments made by the act adding this subdivision shall apply with respect to lien dates occurring on and after January 1, 2017.*

*SEC. 2. Section 214.17 is added to the Revenue and Taxation Code, to read:*

*214.17. (a) For purposes of this section:*

*(1) “Total exemption amount limitation” means the exemption amount limitation with respect to a single property or multiple properties that is specified in subparagraph (C) of paragraph (1)*

1 of subdivision (g) of Section 214, as that section read before  
2 January 1, 2017.

3 (2) (A) “Qualified property” means property used exclusively  
4 for rental housing and related facilities where 90 percent or more  
5 of the occupants of the property are lower income households  
6 whose rent does not exceed the rent prescribed by Section 50053  
7 of the Health and Safety Code and that qualifies for exemption  
8 under Section 214 on the sole basis of this criteria as specified in  
9 subparagraph (C) of paragraph (1) of subdivision (g) of Section  
10 214.

11 (B) “Qualified property” does not include property owned by  
12 a limited partnership in which the managing general partner is  
13 an eligible nonprofit organization, as described in subparagraph  
14 (C) of paragraph (1) of subdivision (g) of Section 214.

15 (3) “Qualified taxpayer” means a taxpayer subject to the total  
16 exemption amount limitation.

17 (4) “Qualified claim” means a claim for exemption that was  
18 filed for a qualified property with the assessor on and after January  
19 1, 2014, and before January 1, 2017, for which the assessor  
20 granted a partial exemption.

21 (5) “Qualified ad valorem tax, and related interest, or penalty”  
22 means that portion of ad valorem tax levied to a qualified taxpayer  
23 on qualified property with respect to a single property or multiple  
24 properties that does not exceed one hundred thousand dollars  
25 (\$100,000) of tax, and any interest or penalty imposed with regard  
26 to that portion of tax.

27 (b) (1) To the extent that the amount cancelled or refunded  
28 does not result in a total exemption amount in excess of one  
29 hundred thousand dollars (\$100,000) of tax being allowed to a  
30 qualified taxpayer with respect to a single property or multiple  
31 properties that are qualified property for any fiscal year, each of  
32 the following shall be cancelled or refunded as provided:

33 (A) Any outstanding qualified ad valorem tax in excess of the  
34 total exemption amount limitation, and related interest or penalty,  
35 which was levied or imposed on and after January 1, 2014, and  
36 before January 1, 2017, with respect to a qualified property for  
37 which a qualified claim was filed, shall be cancelled.

38 (B) Any qualified ad valorem tax in excess of the total exemption  
39 amount limitation, and related interest or penalty, which was levied  
40 or imposed on and after January 1, 2014, and before January 1,

1 2017, with respect to a qualified property for which a qualified  
2 claim was filed, and paid on or before January 1, 2017, shall be  
3 refunded.

4 (2) On or after January 1, 2017, an escape assessment shall  
5 not be levied on qualified property if that amount would be subject  
6 to cancellation or refund under paragraph (1).

7 SEC. 3. The Legislature finds and declares that Section 2 of  
8 this act fulfills a statewide public purpose because it addresses  
9 California's serious shortage of affordable decent, safe, and  
10 sanitary housing for persons and families of low or moderate  
11 income, including the elderly and handicapped, by providing  
12 necessary property tax relief for certain tax-exempt organizations  
13 so that these tax-exempt organizations can provide this affordable  
14 housing for persons and families of low or moderate income.

15 SEC. 4. If the Commission on State Mandates determines that  
16 this act contains costs mandated by the state, reimbursement to  
17 local agencies and school districts for those costs shall be made  
18 pursuant to Part 7 (commencing with Section 17500) of Division  
19 4 of Title 2 of the Government Code.

20 SEC. 5. Notwithstanding Section 2229 of the Revenue and  
21 Taxation Code, no appropriation is made by this act and the state  
22 shall not reimburse any local agency for any property tax revenues  
23 lost by it pursuant to this act.

24 SECTION 1. ~~(a) The Department of Justice shall do all of the~~  
25 ~~following:~~

26 ~~(1) Survey the state of the current user-authorized firearm~~  
27 ~~industry.~~

28 ~~(2) Assess market conditions and the barriers to the market for~~  
29 ~~user-authorized firearms in the state.~~

30 ~~(3) Investigate methods to increase the availability and use of~~  
31 ~~user-authorized firearms in the state.~~

32 ~~(4) Make recommendations on manufacturer performance and~~  
33 ~~reliability standards and how those standards should be tested for~~  
34 ~~user-authorized firearms.~~

35 ~~(b) The department shall convene a working group in 2016 to~~  
36 ~~provide recommendations on the requirements of subdivision (a).~~  
37 ~~The working group shall consist of, but not be limited to,~~  
38 ~~representatives of the following:~~

39 ~~(1) Law enforcement.~~

40 ~~(2) Firearm manufacturers.~~

1     ~~(3) The military.~~  
2     ~~(4) Firearm testing laboratories.~~  
3     ~~(5) Firearm safety advocacy organizations.~~  
4     ~~(6) Firearm dealers.~~  
5     ~~(7) User-authorized firearm manufacturers.~~  
6     ~~(8) User-authorized technology research and development~~  
7     ~~entities.~~  
8     ~~(9) Members of the public.~~  
9     ~~(e) The department shall report its findings to the Legislature~~  
10    ~~on or before January 1, 2017, in compliance with Section 9795 of~~  
11    ~~the Government Code.~~